

## **SEC sees financial fraud cases increasing**

A top Securities and Exchange Commission official said on Monday the number of fraud schemes is on the rise, taking billions of dollars from Americans, and warned investors to be more vigilant. The statement came as the Justice Department and SEC disclosed the results of its latest sweep of cases from mid-August through November, announcing 231 criminal cases and another 60 civil cases involving more than \$8 billion in losses.

"As more and more people look to third parties to invest their money through intermediaries and money managers and the like, the frequency with which we might see these types of schemes ... is on the increase," said SEC Enforcement Director Robert Khuzami. He also told reporters that the Internet had made it easier for such scams to proliferate and the anonymity the Web allows made it harder for law enforcement to prosecute such cases.

Cases ranged from Ponzi schemes with promises of large returns to business investment schemes. U.S. Attorney General Eric Holder said the public should be skeptical about offers, even those by people they know, noting that some of those prosecuted in the sweep had solicited funds from their own churches.

"One man in Texas allegedly targeted his fellow parishioners, asking them to invest with him and claiming that his success in foreign exchange trading was 'a blessing from God,'" Holder said.

*(Reuters, 7 December 2010)*